

# Exhibit J

## (previously filed as Dkt. 660-10)



May 10, 2021

## THE TRADE DESK (TTD: \$489.60 – NEUTRAL)

*Important disclosures can be found in the Appendix*

### TTD: More Muted 1Q Revenue Beat Dragging Stock Down, Offsetting Solid 2Q Guide and Bullish Tone on UID2

\*Other companies mentioned: GOOGL

#### **Key Takeaways:**

- 1Q21 revs \$3M above guide, well below recent ~\$30-\$35M beats. No fundamental hiccups cited, CEO noted high external expect's.
- Typical 1Q EBITDA outperformance as TTD held total expenses flat q/q. EPS beat even wider on another tax benefit on ESOP.
- 2Q rev. guide better, above Street and implies ~5.5% growth acceleration to 2Y stack, to smooth for uneven 2020 compares.
- Cautioned 2H21 revenue to decelerate vs. 2Q21 on tougher comps incl. 2H20 peak political campaign spend.
- CTV again doubled y/y; UID2 tone even more bullish than previously (aligns with our channel work), Solimar targeting upfronts.

#### **Conclusion:**

The stock was pressured today on the more limited 1Q revenue beat compared to the sharper outperformance seen in recent history, particularly the two most recent quarters. That management offered no fundamental explanation for the change in pattern is likely causing incremental indigestion, particularly in a very tough tape for expensive growth stories. This overshadows a favorable 2Q revenue guide that includes a 5-6% y/y growth acceleration in the 2-year comp, alongside a notable uptick in bullishness on Unified ID 2.0, which aligns with our channel work that has shown programmatic agencies rallying around UID2, suggesting this initiative could turn into a demand generator in the future if the industry continues to coalesce around this solution for open web/display. Our Neutral rating has been predicated on valuation, which now has come-in to a degree with the shares trading commensurate with the key comps on profit multiples, though still at a healthy premium based on revenue multiples.

#### **Detailed Takeaways:**

##### **1. 1Q revs. above Street but below bull expectations.**

- \* 1Q revenues of \$219.8M compares favorably to the \$217M consensus and TTD's typically-conservative guide of \$214-\$217M. However, the \$2.8M outperformance vs. guidance is a step-down vs. the respective 4Q20 and 3Q20 beats of \$29M and \$35M.
- \* On the post-call callback, CEO Jeff Green reiterated the company was pleased with the quarter and did not flag any reason for the change vs. prior cadence. Green did stress that when greater online engagement creates more inventory of available impressions, that serves to benefit the publisher's monetization, but not necessarily the demand side.
- \* TTD took care to note revenue growth was +42% y/y if excluding the 1Q20 benefit from U.S. political spend, thus representing an acceleration vs. 4Q20 if also excluding the high-single-digit contribution from political spend then.
- \* By channel, CTV led again was described as more than doubling y/y. It is not out of the question some investors had higher expectations even on this somewhat vague disclosure, thus the lack of improvement may be unsettling here. Anecdotal CTV commentary was positive, with TTD explaining very high CPMs (\$30-\$35) are the product of demand/competition and data-driven success, and not scarcity on the publisher side.
- \* Beyond video, audio was the second-fastest growing channel, and mobile and display both also grew double-digits y/y.
- \* By vertical, TTD saw spend more than double y/y from home & garden and technology/computing. Shopping was another positive callout, and automotive accelerated healthily in February and March. The improvement in travel is directionally occurring but seemingly more 2Q weighted.
- \* By geography, International continues to outgrow North America and now represents 13% of revenues. Europe commentary was particularly strong led by the UK and Germany where CTV spend appears to be inflecting higher – until this point CTV has been mostly a North America and Australia story.

**Joe Wittine**

[Joe@EdgewaterRC.com](mailto:Joe@EdgewaterRC.com)  
(216) 426-6278

**Chris Hodson**

[Chris@EdgewaterRC.com](mailto:Chris@EdgewaterRC.com)  
(216) 426-6276

**Kevin Rottinghaus**

[Kevin@EdgewaterRC.com](mailto:Kevin@EdgewaterRC.com)  
(216) 426-6272

THIS REPORT IS SOLELY INTENDED FOR USE BY THE RECIPIENT JOE WITLINE. NOT FOR REDISTRIBUTION.



## 2. Outperformance on bottom line more typical, on expense control and tax benefit.

- \* Adjusted EBITDA of \$70.5M was well above guide for “at least \$55M” and consensus \$57M.
- \* Adjusted operating expenses decreased slightly q/q to \$212M vs. 4Q’s \$213.5M. Operating expenses continue to benefit from a lack of travel and other expenses associated with remote work.
- \* Non-GAAP EPS was \$1.41 vs. consensus \$0.80. TTD again reported a tax *benefit* during the quarter (benefit from stock-based employee awards), this time \$15M which was responsible for approximately ~\$0.35/share benefit vs. the Street.

## 3. Identity/UID2 messaging increasingly optimistic... iOS 14.5 impact small thus far.... Solimar targeting upfronts over L-T.

- \* Additional bullishness is evident on UID2, which from a high level aligns with our work. Beta testing began just a few weeks ago, and TTD has seen tens of millions of authenticated U.S. users, multiples of the 50M the WSJ reported recently.
- \* On the publisher side, TTD also said the list of committed and evaluating partners is multiples of the logos that are known and announced thus far. There is some inertia in these signups since some publishers consider the 3P cookie demise as an existential issue, thus publishers are taking their time on evaluation.
- \* TTD’s tone regarding GOOGL’s ability/desire to limit sign-ons such as UID2 also remains very confident, suggesting this short-term fear during March was much ado about nothing. Counterintuitively, TTD sees some evidence GOOGL’s latest statements have actually accelerated adoption of UID.
- \* Aside from UID, on the callback TTD also noted its internal data on iOS14.5 has suggested better opt-in rates than some of the more negative data points (i.e. sub-10%) that have surfaced. TTD’s iOS spend thus far is within 1% of pre-iOS14.5.
- \* Finally, the Solimar platform refresh remains on track to launch in the coming months. Beyond the standard UX improvements, TTD also previewed easier 1P data integration (seems especially promising for retail commerce for omnichannels) as well as eventual programmatic penetration into the TV upfront markets, which are ripe for more data driven and real-time activation vs. the legacy upfront process.

## 4. 2Q guide solidly above Street on top/bottom lines.

- \* The 2Q guidance range of \$259-\$262M compares to consensus of \$253M. The high end of the range implies 88% y/y growth – a 51-point acceleration vs. 1Q21. The guide also implies a 5.5% acceleration on a 2-year stack to normalize for 2020 COVID compares, to +75% y/y for 2Q21E from +70% y/y for 1Q21A. Beyond 2Q, TTD reiterated to expect a significant decel. on tougher compares and 2H20 political strength.
- \* 2Q adjusted EBITDA guide of “at least \$84M” compares to consensus of \$80M. Expenses continue to benefit from the virtual environment from which TTD employees are working from (i.e. no travel). TTD continues to expect to ramp operating expenses ahead, though was not specific on timing.
- \* Last, TTD announced a 10-for-1 stock split that will go effective June 17, creating better accessibility for retail investors.

### Peer Valuation Comparison

Digital Advertising Peer Group (5/10/21)

	EV (\$M)	Stock YTD	Revenue (\$M)			EV/Revenue		EV/Rev/ Growth	EBITDA (\$M)		EV/EBITDA	
			2020	2021E	y/y	2020	2021E		2020	2021E	2020	2021E
GOOGL	1,460,201	+31%	182,527	235,739	+29%	8.0x	6.2x	4.8x	67,785	91,039	22x	16x
FB	831,027	+12%	85,965	115,257	+34%	9.7x	7.2x	5.4x	46,056	60,643	18x	14x
SNAP	78,633	+5%	2,507	3,906	+56%	31.4x	20.1x	12.9x	45	405	NM	194x
TWTR	42,735	-4%	3,716	4,786	+29%	11.5x	8.9x	6.9x	997	1,353	43x	32x
ROKU	40,661	-9%	1,778	2,725	+53%	22.9x	14.9x	9.7x	150	255	271x	160x
PINS	34,874	-11%	1,693	2,577	+52%	20.6x	13.5x	8.9x	306	636	114x	55x
<b>TTD</b>	<b>23,803</b>	<b>-38%</b>	<b>836</b>	<b>1,134</b>	<b>+36%</b>	<b>28.5x</b>	<b>21.0x</b>	<b>15.5x</b>	<b>284</b>	<b>383</b>	<b>84x</b>	<b>62x</b>
MGNI	2,671	-8%	222	286	+29%	12.0x	9.3x	7.2x	43	71	62x	38x
RAMP	2,450	-36%	440	508	+15%	5.6x	4.8x	4.2x	26	34	96x	73x
PUBM	1,692	+33%	149	185	+24%	11.4x	9.2x	7.4x	50	49	34x	34x
CRTO	1,978	+81%	825	873	+6%	2.4x	2.3x	2.1x	251	276	8x	7x
<b>Mean</b>					+33%	14.9x	<b>10.7x</b>	7.7x			75x	<b>62x</b>
<b>Median</b>					+29%	11.5x	<b>9.2x</b>	7.2x			52x	<b>38x</b>

Source: FactSet, Edgewater Research

This report is solely intended for use by the recipient Joe Wittine. Not for redistribution.

**Joe Wittine**  
Joe@EdgewaterRC.com  
(216) 426-6278

**Chris Hodson**  
Chris@EdgewaterRC.com  
(216) 426-6276

**Kevin Rottinghaus**  
Kevin@EdgewaterRC.com  
(216) 426-6272



## Trade Desk Inc. (TTD)

Consolidated Income Statement  
(\$ millions)

	2019	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21E	3Q21E	4Q21E	2021E	2022E
<b>Revenue</b>	<b>\$661.1</b>	<b>\$160.7</b>	<b>\$139.4</b>	<b>\$216.1</b>	<b>\$319.9</b>	<b>\$836.0</b>	<b>\$219.8</b>	<b>\$262.0</b>	<b>\$285.3</b>	<b>\$390.3</b>	<b>\$1,157.4</b>	<b>\$1,388.8</b>
Platform Op Expenses	156.2	40.2	42.1	44.8	51.6	178.8	50.5	51.0	53.8	62.0	217.2	243.3
Sales and Marketing	132.9	34.3	37.1	44.6	58.7	174.7	55.8	56.3	64.7	82.2	259.1	297.9
Tech and development	116.8	36.8	40.1	41.1	48.7	166.7	53.9	57.7	59.6	68.2	239.4	299.2
G&A	143.0	38.6	35.9	42.8	54.4	171.6	51.8	52.0	59.9	70.7	234.4	269.6
<b>Total Operating Expenses</b>	<b>548.9</b>	<b>149.9</b>	<b>155.1</b>	<b>173.3</b>	<b>213.5</b>	<b>691.8</b>	<b>212.0</b>	<b>217.0</b>	<b>238.0</b>	<b>283.1</b>	<b>950.1</b>	<b>1,110.1</b>
<b>Operating Income</b>	<b>\$112.2</b>	<b>\$10.8</b>	<b>(\$15.8)</b>	<b>\$42.8</b>	<b>\$106.4</b>	<b>\$144.2</b>	<b>\$7.8</b>	<b>\$45.0</b>	<b>\$47.3</b>	<b>\$107.2</b>	<b>\$207.2</b>	<b>\$278.8</b>
Other expenses (income)	(4.0)	0.4	0.2	0.2	(0.5)	0.3	(0.3)	(0.3)	(0.3)	(1.2)	(28.4)	(34.7)
Income before taxes	116.2	10.3	(16.0)	42.6	107.0	143.9	8.1	45.3	47.6	107.5	208.5	280.0
Provision (benefit) for income taxes	7.9	(13.7)	(41.1)	1.3	(44.9)	(98.4)	(14.6)	6.8	8.6	21.5	22.3	49.2
<b>Net Income (GAAP)</b>	<b>\$108.3</b>	<b>\$24.1</b>	<b>\$25.1</b>	<b>\$41.2</b>	<b>\$151.9</b>	<b>\$242.3</b>	<b>\$22.6</b>	<b>\$38.5</b>	<b>\$39.0</b>	<b>\$86.0</b>	<b>\$186.2</b>	<b>\$230.8</b>
EPS (GAAP)	\$2.27	\$0.50	\$0.52	\$0.84	\$3.05	\$4.95	\$0.45	\$0.77	\$0.77	\$1.68	\$3.66	\$4.37
Adjustment for Income Taxes	(12.8)	(3.7)	(4.2)	(5.4)	(5.1)	(18.5)	(5.0)	(6.5)	(7.1)	(9.8)	(28.4)	(34.7)
<b>Non-GAAP net income</b>	<b>\$176.3</b>	<b>\$43.4</b>	<b>\$44.8</b>	<b>\$62.7</b>	<b>\$184.8</b>	<b>\$335.6</b>	<b>\$70.0</b>	<b>\$65.2</b>	<b>\$66.5</b>	<b>\$124.5</b>	<b>\$326.3</b>	<b>\$416.4</b>
<b>Non-GAAP EPS</b>	<b>\$3.69</b>	<b>\$0.90</b>	<b>\$0.92</b>	<b>\$1.27</b>	<b>\$3.71</b>	<b>\$6.85</b>	<b>\$1.41</b>	<b>\$1.30</b>	<b>\$1.31</b>	<b>\$2.43</b>	<b>\$6.46</b>	<b>\$7.92</b>
Diluted share count	47.8	48.3	48.7	49.2	49.8	49.0	49.8	50.3	50.8	51.3	50.5	52.5
Depreciation & amortization	21.7	6.5	6.8	7.5	7.9	28.6	10.0	10.4	10.8	11.2	42.4	48.8
<b>Adjusted EBITDA</b>	<b>\$213.9</b>	<b>\$39.0</b>	<b>\$14.6</b>	<b>\$77.2</b>	<b>\$152.9</b>	<b>\$283.7</b>	<b>\$70.5</b>	<b>\$89.0</b>	<b>\$93.1</b>	<b>\$167.0</b>	<b>\$419.6</b>	<b>\$549.3</b>
Gross Billings - US	\$2,639	\$652	\$592	\$940	\$1,421	\$3,606						
Gross Billings - Int'l	\$456	\$100	\$96	\$150	\$217	\$563						
<b>Total Gross Billings</b>	<b>\$3,096</b>	<b>\$752</b>	<b>\$688</b>	<b>\$1,091</b>	<b>\$1,638</b>	<b>\$4,168</b>	<b>\$7,134</b>	<b>\$1,362</b>	<b>\$1,495</b>	<b>\$2,061</b>	<b>\$6,052</b>	<b>\$7,497</b>
Growth US (y/y)	36.3%	38.6%	-7.7%	46.5%	60.5%	36.6%						
Growth Int'l (y/y)	31.1%	15.9%	-11.0%	37.5%	41.5%	23.3%						
<b>Growth Billings Total (y/y)</b>	<b>35.5%</b>	<b>35.1%</b>	<b>-8.2%</b>	<b>45.2%</b>	<b>57.7%</b>	<b>34.6%</b>	<b>50.8%</b>	<b>97.9%</b>	<b>37.1%</b>	<b>25.9%</b>	<b>45.2%</b>	<b>23.9%</b>
Implied take rate	21.4%	21.4%	20.2%	19.8%	19.5%	20.1%	19.4%	19.2%	19.1%	18.9%	19.1%	18.5%
Implied take rate inc./dec. (bps)	47	(37)	(108)	(205)	(126)	(130)	(199)	(101)	(73)	(60)	(93)	(60)
<b>Growth metrics (y/y)</b>												
Revenue	38.5%	32.8%	-12.9%	31.6%	48.1%	26.5%	36.8%	88.0%	32.0%	22.0%	38.4%	20.0%
Total OpEx	48.4%	30.0%	21.2%	21.8%	30.7%	26.0%	41.5%	39.9%	37.3%	32.6%	37.3%	16.8%
Platform Op Expenses	36.9%	19.5%	19.3%	12.3%	9.3%	14.5%	25.6%	21.0%	20.0%	20.0%	21.5%	12.0%
Sales and Marketing	52.6%	50.8%	19.3%	23.5%	36.8%	31.5%	62.6%	52.0%	45.0%	40.0%	48.3%	15.0%
Tech and development	39.2%	45.4%	36.0%	40.8%	48.5%	42.7%	46.5%	44.0%	45.0%	40.0%	43.6%	25.0%
G&A	68.5%	14.8%	11.7%	15.6%	34.9%	20.0%	34.3%	45.0%	40.0%	30.0%	36.6%	15.0%
Operating Income	4.5%	89.9%	-149%	95.1%	102.2%	28.5%	-27.7%	-385%	10.5%	0.7%	43.7%	34.5%
Net Income	22.9%	137.0%	-9.7%	112.4%	198.2%	123.7%	-5.9%	53.3%	-5.4%	43.4%	-23.2%	24.0%
<b>Non-GAAP net income</b>	<b>42.4%</b>	<b>87.7%</b>	<b>-1.7%</b>	<b>73.6%</b>	<b>158.3%</b>	<b>90.4%</b>	<b>61.4%</b>	<b>45.6%</b>	<b>6.2%</b>	<b>-32.6%</b>	<b>-2.8%</b>	<b>27.6%</b>
<b>Non-GAAP EPS</b>	<b>36.4%</b>	<b>83.8%</b>	<b>-3.4%</b>	<b>69.5%</b>	<b>149.4%</b>	<b>85.8%</b>	<b>56.6%</b>	<b>40.8%</b>	<b>2.9%</b>	<b>-34.6%</b>	<b>-5.8%</b>	<b>22.8%</b>
Total stock-based compensation	91.3%	44.7%	13.7%	38.1%	55.9%	38.4%	30.0%	39.0%	29.0%	27.0%	50.8%	30.7%
<b>Margins</b>												
Total Operating Expenses	83.0%	93.3%	111.3%	80.2%	66.7%	82.8%	96.5%	82.8%	83.4%	72.5%	82.1%	79.9%
Operating Income	17.0%	6.7%	-11.3%	19.8%	33.3%	17.2%	3.5%	17.2%	16.6%	27.5%	17.9%	20.1%
Tax Rate	6.8%	-132%	257.3%	3.1%	-42.0%	-68.4%	-179.8%	15.0%	18.0%	20.0%	10.7%	17.6%
Net Income	16.4%	15.0%	18.0%	19.1%	47.5%	29.0%	10.3%	14.7%	13.7%	22.0%	16.1%	16.6%
<b>Non-GAAP net income</b>	<b>26.7%</b>	<b>27.0%</b>	<b>32.1%</b>	<b>29.0%</b>	<b>57.8%</b>	<b>40.1%</b>	<b>31.8%</b>	<b>24.9%</b>	<b>23.3%</b>	<b>31.9%</b>	<b>28.2%</b>	<b>30.0%</b>
<b>Non-GAAP EPS</b>	<b>0.6%</b>	<b>0.6%</b>	<b>0.7%</b>	<b>0.6%</b>	<b>1.2%</b>	<b>0.8%</b>	<b>0.6%</b>	<b>0.5%</b>	<b>0.5%</b>	<b>0.6%</b>	<b>0.6%</b>	<b>0.6%</b>
<b>Adjusted EBITDA</b>	<b>32.4%</b>	<b>24.3%</b>	<b>10.5%</b>	<b>35.7%</b>	<b>47.8%</b>	<b>33.9%</b>	<b>32.1%</b>	<b>34.0%</b>	<b>32.6%</b>	<b>42.8%</b>	<b>36.3%</b>	<b>39.6%</b>

\*\*Note – 1Q21 gross billings and implied take rate still estimates – reported in 10-Q.

Sources: Edgewater Research, Company reports

This report is solely intended for use by the recipient Joe Wittine. Not for redistribution.

**Joe Wittine**  
Joe@EdgewaterRC.com  
(216) 426-6278

**Chris Hodson**  
Chris@EdgewaterRC.com  
(216) 426-6276

**Kevin Rottinghaus**  
Kevin@EdgewaterRC.com  
(216) 426-6272



## APPENDIX

### Companies Mentioned

THE TRADE DESK (TTD: \$489.60 - NEUTRAL)  
ALPHABET, INC. (GOOGL: \$2,291.75 – NOT RATED)

### *Important Disclosures*

**Outperform:** The stock's return is expected to exceed the market due to superior fundamentals and positive catalysts.

**Neutral:** The stock is expected to be in line with the market due to full valuation and/or lack of catalysts.

**Underperform:** The stock's total return is expected to underperform the market due to weak fundamentals and a lack of catalysts.

**Valuation & Risk:** Price targets are established by various valuation methods. Price targets are not established for every stock. The effectiveness of the price target may be affected by various outside factors.

We, Joe Wittine, Chris Hodson, and Kevin Rottinghaus, hereby certify that the views expressed in this research report accurately reflect our personal views about any or all of the subject securities referred to in this research report. We certify that no part of our compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this research report. The analyst(s) responsible for the preparation of this report have no ownership stake in this company. Edgewater Research Company provides no investment banking services on this or any company.

Proprietary research and information contained within which forms the basis for findings or opinions expressed by Edgewater Research Company may be used by Edgewater Research Company for other purposes in the course of compensated consulting and other services rendered to third parties.

The information transmitted by this email is intended solely for the person or entity to which it is addressed. If you are not the intended recipient of this message, be aware that any use, review, retransmission, distribution, reproduction or any action taken in reliance upon this message is strictly prohibited. If you received this in error, please contact the sender and remove the material from all computers.

This report is solely intended for use by the recipient Joe Wittine. Not for redistribution.

**Joe Wittine**  
[Joe@EdgewaterRC.com](mailto:Joe@EdgewaterRC.com)  
(216) 426-6278

**Chris Hodson**  
[Chris@EdgewaterRC.com](mailto:Chris@EdgewaterRC.com)  
(216) 426-6276

**Kevin Rottinghaus**  
[Kevin@EdgewaterRC.com](mailto:Kevin@EdgewaterRC.com)  
(216) 426-6272